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No. 38

PROPOSED SUPPLEMENTAL APPROPRIATIONS AND  
OTHER AUTHORIZATIONS FOR VARIOUS AGENCIES

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

PROPOSED SUPPLEMENTAL APPROPRIATIONS AND OTHER  
AUTHORIZATIONS, FOR THE FISCAL YEAR 1960, FOR VARIOUS  
AGENCIES RELATING TO THE USE OF FOREIGN CURRENCIES  
UNDER SECTION 104 OF THE AGRICULTURAL TRADE DEVELOP-  
MENT AND ASSISTANCE ACT OF 1954, AS AMENDED

JULY 17, 1959.—Read; referred to the Committee on Appropriations and ordered  
to be printed.

THE WHITE HOUSE,  
Washington, July 17, 1959.

The PRESIDENT OF THE SENATE.

SIR: I have the honor to transmit herewith for the consideration  
of the Congress proposed supplemental appropriations and other au-  
thorizations, for the fiscal year 1960, for various agencies. These  
proposals relate to the use of foreign currencies under section 104 of  
the Agricultural Trade Development and Assistance Act of 1954, as  
amended.

The details of these proposed appropriations and authorizations,  
the necessity therefor, and the reasons for their submission at this  
time are set forth in the attached letter from the Director of the  
Bureau of the Budget, with whose comments and observations thereon  
I concur.

Respectfully yours,

DWIGHT D. EISENHOWER.

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EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D.C., July 13, 1959.

THE PRESIDENT,  
The White House.

SIR: I have the honor to submit herewith for your consideration proposed supplemental appropriations and other authorizations, for the fiscal year 1960, relating to the use of foreign currencies under section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended, as follows:

Agency	Appropriations for expenditure in dollars	Appropriations for purchase of foreign currency	Authorizations to use foreign currency without dollar appropriations
Legislative branch: Library of Congress, collection and distribution of foreign library materials	\$182,875		\$2,464,050
Independent offices: National Science Foundation, scientific information activities overseas		\$2,000,000	
Department of Agriculture: Agricultural Research Service, salaries and expenses		8,000,000	
Department of Commerce: National Bureau of Standards, research and technical services		5,174,000	
Department of Health, Education, and Welfare:			
Office of Vocational Rehabilitation: Research and training		395,000	
Public Health Service: Scientific activities overseas		8,707,000	
Department of the Interior:			
Departmental offices: Office of Saline Water, salaries and expenses		50,000	
Bureau of Reclamation: General investigations		2,210,000	
Bureau of Mines:			
Conservation and development of mineral resources		2,792,000	
Health and safety		125,000	
Department of State:			
Acquisition, operation, and maintenance of buildings abroad			3,475,000
International educational exchange activities			1,984,100
Total	182,875	24,453,000	7,923,150

Section 104 of the Agricultural Trade and Development Act of 1954, as amended, (Public Law 480) authorizes the use of the foreign currency proceeds of sales of surplus agricultural commodities for a variety of purposes and requires further action by Congress in appropriation acts before use for some of these purposes. The proposed supplementals and other authorizations recommended herein are for uses requiring action in appropriation acts. They would place before the Congress requests for appropriations for expenditure in dollars amounting to \$182,875, for appropriations exclusively for the purchase of foreign currency from the Treasury amounting to \$24,453,000, and for authorizations to use foreign currency without dollar appropriations in the sum of \$7,923,150.

It should be pointed out that the appropriations for dollars to purchase foreign currencies will result in a corresponding credit to the Commodity Credit Corporation, which will reduce the net expenditures of the Corporation. The authorizations to use foreign currencies without dollar appropriations will be expended directly in foreign currencies outside the budget. Hence this request will increase budget expenditures by only the \$182,875 requested for expenditures in dollars. This is amply covered by the allowance for contingencies.

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Drafts of suggested language for these appropriations and authorizations and the details of the various proposals are set forth in the attachment to this letter.

These specific recommendations deal with only a part of the currencies expected to be used in the fiscal year 1960 under Public Law 480 and with a still smaller part of the Government's total requirements and availability of foreign currencies. I am therefore attaching, in addition to the usual material, a special analysis giving information on all foreign currencies under Public Law 480 and on total foreign currency availability and uses.

This analysis is intended to make available information which will place the supplemental requests in their proper perspective.

I recommend the transmittal to Congress of these proposed supplemental appropriations and other authorizations, and the accompanying analysis.

Respectfully yours,

MAURICE H. STANS,  
*Director of the Bureau of the Budget.*

DETAIL OF PROPOSED APPROPRIATIONS AND AUTHORIZATIONS TO USE FOREIGN CURRENCIES

LEGISLATIVE BRANCH

LIBRARY OF CONGRESS

COLLECTION AND DISTRIBUTION OF FOREIGN LIBRARY MATERIALS

*For necessary expenses of carrying out the provisions of section 104(n) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(n)), \$182,875: Provided, That, in addition, and subject to allocation in such manner as may now or hereafter be prescribed by the President, foreign currencies which have accrued under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), may be used without fiscal year limitation for the purposes of section 104(n) of that Act, including administrative expenses directly related thereto, in an amount not to exceed the equivalent of \$2,464,050.*

The proposed supplemental appropriation and authorization are to provide for (1) the acquisition and distribution of multiple copies of foreign books, periodicals, and other materials which are determined to contain information of technical, scientific, cultural, or educational significance to the United States, and (2) the cataloging, abstracting, and translating of such documents.

INDEPENDENT OFFICES

NATIONAL SCIENCE FOUNDATION

SCIENTIFIC INFORMATION ACTIVITIES OVERSEAS

*For purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for collecting, translating, abstracting, and disseminating scientific and technological information, as authorized by said section, \$2,000,000, to remain available until expended.*

This proposed supplemental appropriation is to provide support for the translation of foreign scientific literature and for other scientific information activities overseas.

DEPARTMENT OF AGRICULTURE

AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES

*For an additional amount for "Salaries and expenses", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$8,000,000, to remain available until expended.*

This proposed supplemental appropriation is to provide for a program which has been developed to serve the needs of three services: (1) the Agricultural Research Service, (2) the Forest Service, and (3) the Agricultural Marketing Service. The program will be admin-

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istered on a unified basis through the Agricultural Research Service and will be carried on through multiyear grants and contracts. Agreements will be made with foreign institutions and agencies on projects which will benefit American agriculture and forestry.

A breakdown of the proposed program by general types of research is as follows:

1. Farm, home economics, and agricultural utilization research.....	\$4,410,000
2. Forestry research.....	2,700,000
3. Agricultural marketing research.....	890,000

DEPARTMENT OF COMMERCE

NATIONAL BUREAU OF STANDARDS

RESEARCH AND TECHNICAL SERVICES

For an additional amount for "Research and technical services", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$5,174,000, to remain available until expended.

The proposed program represents a total of approximately 100 separate research projects. The largest items are for specific studies of physical constants and properties of materials. Other major items are studies of radio propagation, basic and theoretical research, development of standards, and studies in mathematics, computer applications, and instrument design.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF VOCATIONAL REHABILITATION

RESEARCH AND TRAINING

For an additional amount for "Research and training", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$395,000, to remain available until expended.

This proposed supplemental appropriation is for support of research directed toward increasing knowledge on the incidence of disabling conditions and to develop methods for reducing or eliminating handicapping effects of disability. This program would be carried out through the support of research, demonstrations, and related activities in foreign countries.

PUBLIC HEALTH SERVICE

SCIENTIFIC ACTIVITIES OVERSEAS

For purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$3,707,000, to remain available until expended.

Funds are requested for the National Institutes of Health under this appropriation to support research directed toward the solution of

PROPOSED APPROPRIATIONS TO USE FOREIGN CURRENCIES

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major health and disease problems. The intent will be to support research in the control, eradication, and understanding of diseases of wide significance and importance to both the United States and other countries, such as cancer and cardiovascular diseases, and of importance primarily to other countries alone, such as tropical infectious diseases.

DEPARTMENT OF THE INTERIOR

DEPARTMENTAL OFFICES

OFFICE OF SALINE WATER

Salaries and Expenses

For an additional amount for "Salaries and expenses", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$50,000, to remain available until expended.

This proposed supplemental appropriation is to provide for a solar energy plant to be constructed and operated by the National Commission on Wind and Solar Energy, Spain. It would replace similar activities planned by the Office of Saline Water to be undertaken at a later date.

BUREAU OF RECLAMATION

GENERAL INVESTIGATIONS

For an additional amount for "General investigations", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$2,210,000, to remain available until expended.

This proposed supplemental appropriation is to provide for research and experimentation in hydraulics, soil mechanics, and related fields, which are of interest and concern in construction of water resources projects, and is to supplement research projects carried on in domestic laboratories of the Bureau of Reclamation or other Government agencies.

BUREAU OF MINES

CONSERVATION AND DEVELOPMENT OF MINERAL RESOURCES

For an additional amount for "Conservation and development of mineral resources", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$2,792,000, to remain available until expended.

This proposed supplemental appropriation is to provide for a minerals research program involving research on mining techniques and utilization of bituminous and anthracite coal; collection of samples of petroleum, natural gas, and oil shale; and compilation of data on the extent and availability of foreign resources of minerals and metals.

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HEALTH AND SAFETY

*For an additional amount for "Health and safety", for purchase of foreign currencies, pursuant to section 104(k) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(k)), for conducting and supporting scientific activities overseas, as authorized by said section, \$125,000, to remain available until expended.*

This proposed supplemental appropriation is to provide for a program of research on industrial health hazards, which is part of the Bureau's continuing health and safety responsibilities.

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

ACQUISITION, OPERATION, AND MAINTENANCE OF BUILDINGS ABROAD

*In addition to the appropriations made available under this head, and subject to allocation in such manner as may now or hereafter be prescribed by the President, foreign currencies which have accrued under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), may be used without fiscal year limitation for the purposes of section 104(l) of that Act, in an amount not to exceed the equivalent of \$3,475,000, and the value of such currencies may be credited to the appropriation made available under this head.*

This proposed authorization is to permit the construction of buildings in New Delhi, India, and Warsaw, Poland.

EDUCATIONAL EXCHANGE

INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES

*In addition to appropriations made available under this head, and subject to allocation in such manner as may now or hereafter be prescribed by the President, foreign currencies which have accrued under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704), may be used without fiscal year limitation for the purposes of (a) interchange of persons under title II of the United States Information and Educational Exchange Act, as amended, as authorized by section 104(h) of the Agricultural Trade Development and Assistance Act of 1954, as amended, and (b) assistance as authorized by section 104(o) of that Act, in an amount not to exceed the equivalent of \$1,984,100.*

This proposed authorization is to provide for additional leader-specialist exchanges; chairs of American studies and English in foreign universities; and for workshops in English language and American studies abroad.

#### FOREIGN CURRENCIES UNDER PUBLIC LAW 480

Title I of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended, authorizes the President to enter into agreements with foreign countries for the sale abroad of surplus agricultural commodities on various conditions, including payment in foreign currencies and reasonable protection of the normal export sales of the United States and of other friendly exporters. The programs proposed above will use foreign currency proceeds from the sale of such commodities.

Section 104 of the act authorizes the use of the sales proceeds for a variety of purposes. Some require further congressional action before use can be made and some do not, as follows:

*Uses requiring further appropriation or authorization in appropriation acts.*—The use of currencies for scientific purposes under section 104(k) requires specific dollar appropriations for the purchase of the currencies from the Treasury.

The use of currencies for five other purposes is limited to amounts specifically authorized in appropriation acts: Section 104(h) leader-specialist exchanges authorized by Public Law 402, 80th Congress (Smith-Mundt Act); (l) acquisition of buildings abroad; (m) trade and agricultural fairs; (n) acquisition and distribution of library materials; and (o) assistance to American-sponsored schools and the establishment of chairs and workshops in American studies.

*Uses not requiring further congressional action.*—The use of sales proceeds for the following agency programs overseas is authorized without further congressional action: section 104(a) the development of agricultural markets abroad; (b) acquisitions for the supplemental stockpile; (d) the purchase of goods and services in the foreign country for shipment to another country for mutual security purposes; (i) translation, publication, and distribution of textbooks; and (j) assistance to American-sponsored schools and binational centers. In addition, Public Law 765, 83d Congress, as amended, authorizes the use of sales proceeds for the construction or acquisition of housing and community facilities for families of Department of Defense personnel stationed overseas. Allocations of foreign currencies for these purposes are made by the Director of the Bureau of the Budget on the request of the responsible agency within the amounts set aside for U.S. uses by the terms of sales agreements.



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Under section 104(h), the amounts used for academic exchanges in the educational exchange program, Public Law 584, 79th Congress (Fulbright Act), are subject to the determination of the Secretary of State as to the requirements for that program, up to \$1 million a year in a country for 5 years.

In addition, section 104(c) authorizes the use of foreign currencies for common defense grants, section 104(e) for private enterprise loans and economic development grants, and section 104(g) for economic development loans. These uses, and the amounts involved, are always set forth in the sales agreement with the country concerned. They are in fact an essential condition in the sale of the surplus commodities. The use of its own currency for these purposes is of benefit to the purchasing country, but it is also a claim on the resources of that country; it does not add to those resources as do dollars used for mutual security or private investments of American capital. Grants for the common defense and loans for all purposes are made without further congressional action. In addition, the Director of the Bureau of the Budget is authorized to permit economic grants to be made in these currencies without any further congressional action, when, in effect, such grants would be appropriate and consistent with the purposes of Public Law 480. The loans and grants themselves are administered by the Export-Import Bank, the International Cooperation Administration, or the Department of Defense, as appropriate.

Section 104(f) authorizes the use of foreign currencies to pay general U.S. obligations. This is accomplished by transferring them to Treasury sales accounts for use for any purpose for which dollars have been appropriated, with a corresponding charge to that dollar appropriation. Such amounts are credited to the Commodity Credit Corporation, in part payment for the farm commodities it shipped abroad. The funds thus transferred to the Treasury are also used for cashing dollar checks of U.S. personnel overseas, with corresponding credit to the Commodity Credit Corporation. They also may be used for congressional committee expenses abroad, but without a charge to an appropriation.

*Proposed uses in 1960 requiring action by Congress.*—The specific authorizations and appropriations proposed earlier in this document deal with those uses of foreign currencies which require congressional action. The proposed uses in fiscal year 1960 of the amounts currently being requested of the Congress total \$32 million and are summarized by country and purpose in table 1.

It is generally difficult to predict the size and the location of future sales of surplus agricultural commodities covering these currencies, as well as the share of the proceeds to be available for U.S. uses, due to the uncertainties of agricultural production, both here and abroad, and the often unforeseeable results of sales negotiations. Therefore, it is not feasible to develop programs on the basis of a forecast of future sales agreements.

The programs proposed, as shown in table 1, have been developed on the basis of the actual and anticipated proceeds of sales agreements signed through March 31, 1959. Generally, the early deposits under a sales agreement are made available for U.S. uses. Thus, it is anticipated that sales proceeds will be on hand under these sales agreements in sufficient amount to cover these proposed programs prior to the time the obligations need to be made.

All of the amounts shown on table 1 and subsequent tables are the dollar equivalents of actual and anticipated foreign currency sums. In tables 1, 2, and 7, the dollar equivalents are computed at the exchange rates at which the Treasury sells foreign currencies to agencies for their use abroad. These rates are generally the most advantageous rates at which the currencies may be legally obtained, and thus provide a valuation which is on a comparable basis with dollar expenditures for U.S. programs in the country. The sales agreements, however, provide for the payment of foreign currencies at a rate specified in the agreement (usually based on rates applicable to that country's imports). The total payment is equal to the dollar value at world market prices of the agricultural commodities and ocean freight involved. The dollar equivalents for the value of the sales agreements and for the past uses are included in tables 3, 4, 5, and 6, at the exchange rates indicated in the agreements. The necessary adjustment between these two sets of exchange rates for the balances which are available for programing purposes (\$88 million equivalent) is indicated on table 3. Table 4 shows the balances by country at both rates.

In implementing the proposed programs, foreign currency amounts rather than dollar equivalents will be allocated to the using agencies. Charges against dollar equivalent authorizations or dollar appropriations to purchase foreign currencies will be made at Treasury selling rates current at the time the currencies are used.

*Proposed uses in 1960 not requiring action by Congress.*—Table 2 indicates the proposed uses in fiscal year 1960 of foreign currencies for which further action by Congress is not required. Of the estimated total of \$77 million (in dollar equivalents), about one-third is planned to be used for military family housing abroad.

In arriving at the amounts shown in tables 1 and 2, the share of sales proceeds which could be used for the payment of U.S. obligations abroad was identified. Generally this was the maximum amount which could be used for this purpose under the sales agreements and the informal understandings accompanying them. Eligible agencies were then notified of the remaining amounts of foreign currencies to be available in each country, and were requested to prepare budget submissions indicating the currencies that could advantageously be used for authorized programs in addition to the appropriation estimates already submitted to Congress. With the exception of the

amounts for academic exchanges which were determined by the Secretary of State, as provided by section 104(h), these submissions were reviewed in a manner similar to the review of regular agency dollar budgets. The recommendations developed are indicated in the tables. The country amounts are based on the best information currently available. While some modifications may become necessary, it is not expected that the availability of currencies will permit carrying out programs in countries other than those indicated.

TABLE 1.—Proposed uses in fiscal year 1960 of uncommitted proceeds of title I, Public Law 480, sales agreements signed through Mar. 31, 1959  
REQUIRING NEW CONGRESSIONAL AUTHORIZATIONS  
[In dollar equivalents at Treasury selling rates]

Country	(1)	Legislative branch: Library of Congress (sec. 104(n))	(2)	National Science Foundation: Scientific information (sec. 104(k))	(3)	Department of Agricul- ture: Research (sec. 104(k))	(4)	Department of Commerce: Research (sec. 104(k))	(5)	Department of Health, Education, and Welfare: Research (sec. 104(k))	(6)	Department of the Interior: Research (sec. 104(k))	Department of State			Total (11)
													Buildings (sec. 104(i))	Educational exchange (Public Law 402) (sec. 104(h))	Workshops and chairs (sec. 104(o))	
Austria																\$151,000
Brazil																908,000
Burma																418,600
Ceylon																166,700
France																500,000
India																9,145,400
Indonesia																781,900
Israel																3,501,000
Pakistan																2,755,400
Poland																5,915,700
Spain																2,809,350
Turkey																100,000
United Arab Republic (Egypt)																1,254,400
Uruguay																164,000
Yugoslavia																8,794,700
Total													3,475,000	524,100	1,460,000	32,376,150

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TABLE 2.—Proposed uses in fiscal year 1960 of uncommitted proceeds of title I, Public Law 480, sales agreements signed through Mar. 31, 1959  
 UNDER PERMANENT AUTHORIZATIONS  
 [In dollar equivalents at Treasury selling rates]

Country	Mutual security program: Exports to third countries (sec. 104(d))	United States Information Agency		Department of Agriculture		Department of Defense: Military family housing (Public Law 766)	Department of State		Total
		Publications programs (sec. 104(i))	Bilateral centers (sec. 104(j))	Market development (sec. 104(a))	Utilization research (sec. 104(a))		Educational exchange (Public Law 594) (sec. 104(h))	American-sponsored schools (sec. 104(i))	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Argentina.....							\$43,246		\$43,246
Austria.....	\$54,430						432,648		54,430
Brazil.....			\$508,246	\$11,801			400,000	\$250,000	864,449
Burma.....				270,901					1,429,146
Ceylon.....		\$100,666					450,000		678,666
Chile.....				128,000					163,260
China, Republic of.....				163,260			377,375		377,375
Colombia.....				36,000			868,000		901,000
Ecuador.....				1,170			88,200	46,800	300,968
Finland.....			64,798			\$575,000	1,000,000		1,575,000
France.....	8,538,460			522,986	\$1,755,000	11,126,816	1,827,145		23,799,418
Germany.....				17,000					17,000
Greece.....		160,500	601,667	109,187				800,000	1,361,354
India.....		1,701,000		1,007,116	1,400,500		3,400,000		7,517,616
Indonesia.....		250,000		255,500					505,500
Israel.....		100,000		380,185	660,000				1,140,185
Italy.....				192,072					2,192,072
Japan.....						1,700,000	300,000		2,411,362
Mexico.....	2,024,960			475,226		7,368,412	600,000		1,076,268
Pakistan.....		200,000		375,005	609,500		2,000,000		3,184,506
Peru.....		10,326		147,590					157,916
Philippines.....				6,723					6,723
Poland.....				138,660	3,041,000				3,179,660
Portugal.....				63,300					63,300
Spain.....				570,000			850,000	162,305	2,668,305
Thailand.....			273,540		1,118,000				273,540

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Turkey	200,000	67,000	29,054	257,500	5,000,000	900,000	835,000	7,348,554
United Arab Republic (Egypt)	175,000		32,080	611,500		359,000	500,000	1,888,530
United Kingdom			1,803					1,803
Uruguay		80,000	15,000			300,000		395,000
Vietnam		98,461						295,383
Yugoslavia	196,922		338,445	2,521,000		575,000		3,734,445
Undistributed			610,000					610,000
Total	8,084,414	1,593,720	5,612,477	12,266,500	25,787,228	15,273,874	2,354,105	76,584,986

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*Availability of Public Law 480 currencies.*—As indicated in table 3, sales agreements from the inception of title I (Public Law 480) through March 31, 1959, totaled \$3.5 billion, adjusted in several cases for shortfalls in deliveries of the commodities. Commitments of \$2.4 billion for loans and grants under these agreements and authorizations for other uses, including Treasury sales, have reduced the amount available for 1960 programs to the equivalent of \$319 million at the exchange rate specified in the sales agreements, or \$230 million at Treasury selling rates.

TABLE 3.—*Amounts available and proposed authorizations of sales proceeds of title I, Public Law 480, sales agreements signed through Mar. 31, 1959*

[In thousands of dollar equivalents]	
Value of sales agreements, Mar. 31, 1959 (table 4) .....	\$3,482,153
Less amount of sales proceeds committed for—	
Loans and grants in purchasing country (table 6) .....	2,394,408
Treasury sales to appropriations and funds (table 4):	
For section 104(k) scientific activities .....	15,585
For general expenses of the United States .....	547,755
Other purposes (table 5) .....	215,509
Unallocated balance at rates specified in sales agreements .....	318,896
Less adjustment due to exchange rate differentials .....	88,416
Unallocated balance at Treasury selling rates .....	230,450
Less proposed use in 1960 (table 7):	
Requested congressional action:	
Appropriations to purchase foreign currencies .....	24,453
Authorizations to expend foreign currencies .....	7,923
Permanent authorizations not requiring congressional action .....	32,376
Remaining unallocated balance for use after 1960 .....	70,585
Remaining unallocated balance for use after 1960 .....	121,489

<sup>1</sup> At Treasury selling rates, the dollar equivalent of these currencies is equal to the 1959 appropriation of \$5.1 million.

The tables which follow are designed to provide greater detail on the activities in various countries involving the use of foreign currencies under Public Law 480. Tables 4 and 6 show by country the value of the sales agreements through March 31, 1959, the amounts which have been allocated to the Treasury for sale to appropriations and funds for the payment of U.S. obligations and the amounts committed for loans and grants. Table 5 shows by country the amounts allocated, or to be allocated, to other agencies for authorized programs.

Table 7 indicates the amounts available in each country for U.S. agency programs as of June 30, 1959, the proposed uses in 1960 in each country both under permanent authorizations and under the requests for congressional action presented above, and the balances remaining. In some cases these balances, particularly the larger ones, are available for any authorized program. In most others, they are earmarked by the sales agreements or informal understandings accompanying them for agricultural market development or other specific programs for obligation after 1960.

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TABLE 4.—Cumulative sales agreements by country under title I, Public Law 480, through Mar. 31, 1959, uses by major category, and estimated balances available  
[In thousands of dollar equivalents]

in thousands of United States dollars

Country	At rates specified in sales agreements					Estimated unallocated balances June 30, 1959, available for U.S. agency programs	
	Total value of sales agreements	Commitments for loans and grants in purchasing country	Allocations and reservations for Treasury sale (and credit to CCC) through June 30, 1959		Estimated authorizations for other U.S. agency programs through June 30, 1959	At rates specified in sales agreements	At Treasury selling rates
			For general expenses	For sec. 104(k) scientific activities			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Argentina.....	\$31,100	\$20,000	\$9,850	-----	\$955	\$295	\$76
Austria.....	40,900	26,300	2,083	-----	12,313	204	206
Brazil.....	179,920	149,222	21,840	-----	5,720	3,137	1,728
Burma.....	40,700	32,550	4,842	-----	498	2,810	2,857
Ceylon.....	14,900	11,470	1,860	-----	300	1,270	1,279
Chile.....	39,600	31,680	5,831	-----	1,762	327	163
China, Republic of.....	21,900	13,900	6,750	-----	760	500	377
Colombia.....	39,290	28,750	6,648	-----	2,671	1,221	901
Ecuador.....	9,362	7,230	1,067	-----	762	303	277
Finland.....	38,757	26,067	3,087	\$600	7,440	1,563	1,576
France.....	57,910	13,989	9,020	250	7,805	26,846	25,293
Germany.....	1,197	-----	120	-----	1,060	17	17
Greece.....	68,000	47,770	14,480	-----	1,995	1,755	1,761
Iceland.....	8,045	6,451	1,371	-----	148	75	49
India.....	668,200	547,600	66,820	515	10,657	33,708	34,093
Indonesia.....	96,700	77,400	16,081	-----	1,160	4,059	1,415
Iran.....	12,415	8,267	2,814	-----	1,331	4	4
Israel.....	131,257	111,483	13,126	885	1,121	4,642	4,642
Italy.....	162,900	106,760	18,257	-----	24,821	3,072	3,072
Japan.....	146,332	105,581	305	-----	30,790	9,657	9,667
Korea.....	131,990	108,490	19,550	-----	3,151	799	799
Mexico.....	28,200	20,700	2,900	-----	2,250	2,350	2,350
Netherlands.....	254	-----	25	-----	228	-----	-----
Pakistan.....	288,250	209,360	26,824	325	1,635	30,106	30,150
Paraguay.....	3,000	2,250	550	-----	191	-----	-----
Peru.....	21,930	15,671	3,489	-----	2,118	651	622
Philippines.....	14,400	9,300	2,993	-----	1,691	416	416
Poland.....	138,000	-----	13,800	910	740	122,550	53,443
Portugal.....	7,100	3,400	1,602	-----	1,971	127	129
Spain.....	394,822	207,986	146,463	250	29,969	9,704	7,160
Thailand.....	4,600	2,060	970	-----	1,305	275	274
Turkey.....	186,525	100,672	72,483	150	3,878	9,342	7,626
United Arab Republic (Egypt).....	44,500	19,825	10,771	153	776	12,975	13,036
United Kingdom.....	48,355	-----	220	-----	47,455	680	663
Uruguay.....	9,800	7,450	980	-----	-----	1,370	560
Vietnam.....	6,000	4,500	870	-----	300	330	325
Yugoslavia.....	387,642	310,444	39,004	535	3,641	33,917	24,618
Undistributed <sup>1</sup> .....	-----	-----	-----	1,012	150	-1,162	-1,162
Total.....	3,482,153	2,394,408	547,755	5,585	215,509	318,896	230,450

<sup>1</sup> Represents authorized uses of foreign currencies for which the specific currencies to be used are not yet determined.



## PROPOSED APPROPRIATIONS TO USE FOREIGN CURRENCIES

TABLE 5.—Cumulative authorizations, other than appropriations, through June 30, 1959, for U.S. agency programs overseas under title I, Public Law 480, sales agreements signed through Mar. 31, 1959  
[In thousands of dollar equivalents at rates specified in sales agreements]

Country	Mutual security program: Exports to third countries (sec. 104(d))	United States Information Agency		Department of Agriculture		Department of Defense		Department of State			Total authorizations
		Publications programs (sec. 104(i))	Bina-tional centers (sec. 104(j))	Market development (sec. 104(e))	Agricul-tural fairs (sec. 104(m))	Joint projects (sec. 104(c))	Military family housing (Public Law 765)	Expenses under sec. 502(b) Mutual Security Act, 1954 (sec. 104(f))	Educa-tional exchange (sec. 104(h))	American-sponsored schools (sec. 104(i))	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Argentina.....	3305	575	5480	5412				\$10	\$533		\$955
Austria.....		524	296	1,040				10	200		12,313
Burma.....		250		1,665		\$1,794			980	\$482	5,720
Cameroon.....				248							488
Chile.....											
China, Republic of.....				464		83		10	300		300
Colombia.....		125	261	1,166		89		10	1,200		1,782
Costa Rica.....									750		1,780
Cuba.....									540		2,671
Denmark.....				275							
Finland.....	3,091	788	50	1,002				5	212	230	762
France.....	2,010	260		1,844			1,350	109	500		7,440
Germany.....				1,080					3,001	701	7,805
Greece.....											1,080
Iceland.....		100		1,395							
India.....	5,982			1,732					148		1,995
Indonesia.....		423		244	31,125				1,788		10,657
Iran.....		140	250	196					491		1,160
Israel.....											
Italy.....	10,000	500	155	1,090				23	745		1,331
Japan.....	8,894			5,228							1,121
Korea.....				3,221						1,000	24,831
Mexico.....		100	23				7,938	10	1,935		30,790
Netherlands.....							17,000				
Pakistan.....							2,000		900		3,151
		200	400	750					600	500	2,250
				228							2,228
				396					1,038		1,635

\* Represents authorized uses of foreign currencies for which the specific currencies to be used are not yet determined.

<sup>1</sup> Authorized by Second Supplemental Appropriation Act, 1959 (Public Law 86-30).

## PROPOSED APPROPRIATIONS TO USE FOREIGN CURRENCIES

TABLE 6.-Cumulative commitments for loans and grants in purchasing country in title I, Public Law 480, sales agreements signed through Mar. 31, 1959

[In thousands of dollar equivalents at rates specified in sales agreements]

Country	Common defense assistance grants (sec. 104(e))	Economic development grants (sec. 104(e))	Private enterprise loans (sec. 104(e))	Economic development loans (sec. 104(g))	Total
(1)	(2)	(3)	(4)	(5)	(6)
Argentina.....				\$20,000	\$20,000
Austria.....				26,300	26,300
Brazil.....				140,222	140,222
Burma.....		\$0,000		26,550	32,550
Ceylon.....		2,140	\$3,700	5,630	11,470
Chile.....				31,680	31,680
China, Republic of.....	\$10,900		8,000		13,900
Colombia.....			8,370	25,380	28,750
Ecuador.....			400	6,770	7,230
Finland.....			2,059	24,008	26,067
France.....			13,989		13,989
Greece.....		7,470	2,900	37,400	47,770
Iceland.....			765	5,685	6,451
India.....		80,800	73,900	383,800	547,500
Indonesia.....				77,400	77,400
Iran.....	8,763			2,504	8,267
Israel.....			19,827	91,050	111,483
Italy.....			6,250	100,500	106,750
Japan.....				105,581	105,581
Korea.....	100,400		2,000		108,400
Mexico.....			7,100	13,600	20,700
Pakistan.....	79,260	12,300	28,700	89,100	209,360
Paraguay.....				2,250	2,250
Peru.....			1,950	13,721	15,671
Philippines.....	3,100		1,000	5,200	9,300
Portugal.....				3,400	3,400
Spain.....	9,500			108,438	207,938
Thailand.....				2,050	2,050
Turkey.....	87,892		12,980	30,300	100,672
United Arab Republic (Egypt).....			6,225	13,600	19,825
Uruguay.....			2,450	5,000	7,450
Vietnam.....			1,500	3,000	4,500
Yugoslavia.....		105,944		204,500	310,444
Total.....	272,405	223,054	194,125	1,704,224	2,394,408
Loans.....			194,125	1,704,224	1,898,349
Grants.....	272,405	223,054			496,059

TABLE 7.—*Proposed use of uncommitted proceeds of title I, Public Law 480, sales agreements signed through Mar. 31, 1959*

[In dollar equivalents at Treasury selling rates]

Country	Unallocated balance, June 30, 1959	Proposed uses under permanent authorizations	Proposed uses requiring new congressional authorizations	Remaining unallocated balance
(1)	(2)	(3)	(4)	(5)
Argentina.....	\$76,245	\$43,246		\$32,999
Austria.....	205,737	54,459	\$151,000	278
Brazil.....	1,727,935	664,449	908,000	155,486
Burma.....	2,856,668	1,429,146	418,600	1,008,922
Ceylon.....	1,278,894	678,666	166,700	433,528
Chile.....	163,260	163,260		
China, Republic of.....	377,375	377,375		
Colombia.....	901,000	901,000		
Ecuador.....	276,528	200,968		75,560
Finland.....	1,675,911	1,575,000		911
France.....	25,293,020	23,769,418	500,000	1,023,602
Germany.....	17,035	17,000		35
Greece.....	1,760,677	1,261,354		499,323
Iceland.....	49,218			49,218
India.....	34,092,849	7,517,616	9,145,400	17,429,833
Indonesia.....	1,415,032	605,600	701,900	117,632
Iran.....	3,947			3,947
Israel.....	4,642,420	1,140,188	3,501,000	1,262
Italy.....	3,071,601	2,192,072		879,529
Japan.....	9,656,550	9,411,362		245,188
Korea.....	798,535			798,535
Mexico.....	2,350,310	1,075,286		1,275,024
Pakistan.....	30,149,764	3,184,605	2,755,400	24,209,859
Peru.....	622,300	157,895		464,405
Philippines.....	415,706	6,723		408,983
Poland.....	53,443,253	3,179,669	5,915,700	44,347,894
Portugal.....	128,921	53,300		75,621
Spain.....	7,159,629	2,698,305	2,809,350	1,651,874
Thailand.....	273,549	273,549		
Turkey.....	7,628,269	7,348,554	100,000	177,715
United Arab Republic (Egypt).....	13,086,014	1,668,530	1,264,400	10,113,084
United Kingdom.....	663,253	1,803		661,450
Uruguay.....	560,269	395,000	164,000	1,269
Vietnam.....	324,921	295,383		29,538
Yugoslavia.....	24,617,649	3,734,445	3,794,700	17,088,504
Undistributed.....	-1,162,009	610,000		-1,772,000
Total.....	230,450,154	76,584,996	32,376,150	121,489,008

### TOTAL FOREIGN CURRENCY AVAILABILITY AND USES

The preceding analysis has been limited to foreign currencies acquired through the sale of surplus agricultural commodities as authorized by the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). By far the largest amount of foreign currencies being acquired by the United States today results from that act. However, since the close of World War II, the U.S. Government has obtained considerable amounts of currencies without purchase under several other provisions of law.

The general picture, covering all U.S.-owned foreign currencies, for the fiscal years 1958-60, is presented below. The budgetary impact of Public Law 480 currencies must be viewed by the executive branch and the Congress within this broader framework.

*Need for foreign currencies.*—The U.S. Government carries on extensive activities abroad, involving almost every country in the world. In the normal course of these worldwide operations, it has need for and it acquires large amounts of currencies of many countries. Some of these currencies are acquired through Government agencies' activities; others must be purchased.

Recent estimates indicate that Government agencies will require about \$1.9 billion of foreign currencies in the fiscal year 1960 to perform their regular operations abroad, as indicated in table 8. The approximate supply of currencies available in the Treasury for sale to agencies in fiscal 1960 to meet these regular needs is estimated to be \$0.5 billion. However, only about \$0.2 billion of this amount can be used to meet 1960 needs because the availability of currencies of individual countries does not match the needs for the currencies of those countries. This leaves a total of about \$1.7 billion of foreign currencies which will need to be purchased by our disbursing officers commercially.

In 50 of the 65 countries listed in table 8 the approximate supply of currencies available in fiscal 1960 is less than our anticipated needs for regular operations, with the result that the United States will have to purchase the currencies of these 50 countries. With respect to total value almost nine-tenths of the U.S. agency requirements are concentrated in four countries in which the United States receives foreign currencies in much smaller amounts; namely, Germany, Japan, France, and the United Kingdom. The preponderance of currencies available to the Treasury for sale to agencies for regular operations is in countries such as Spain, India, Yugoslavia, Pakistan, Turkey, and Israel where our needs are much less.

Specially authorized foreign currency programs are carried out at a cost to the American taxpayer. In "currency shortage" countries, the disbursing officer must purchase currencies to meet regular agency needs. To the extent that specially authorized uses of these same currencies drain off amounts otherwise available to reduce the requirement for commercial purchases these uses cost dollars. There is a cost for the use of foreign currencies from unrestricted Treasury

accounts for specially authorized programs even in the relatively few countries where currencies are available considerably in excess of regular program needs. This is also true where the use of the currencies has been restricted by international agreement, e.g., proceeds from the sale of surplus farm commodities available only for loans, grants, or other specified purposes. In these cases the cost to the United States is no more than the value of the goods and services for which the currencies were obtained.

TABLE 8.—Requirements and availability of foreign currencies for the payment of United States obligations

[In millions of dollar equivalents]

Country	Estimated requirements fiscal year 1960	Approximate supply fiscal year 1960 <sup>1</sup>	Approximate amounts available for use after fiscal year 1960	Approximate requirement for purchase of currencies in fiscal year 1960
(1)	(2)	(3)	(4)	(5)
Afghanistan.....	\$0.5			\$0.5
Argentina.....	2.4	\$0.7		1.7
Australia.....	3.1	.9		2.2
Austria.....	3.1	.7		2.4
Belgium.....	4.7	.4		4.2
Bolivia.....	.2	.1		(*)
Brazil.....	5.8	7.3	\$1.4	
Burma.....	1.2	3.9	2.7	
Cambodia.....	1.4	.4		1.0
Ceylon.....	.5	1.5	1.0	
Chile.....	1.6	.4		1.3
China, Republic of.....	8.3	1.1		7.2
Colombia.....	1.3	1.2		.1
Costa Rica.....	1.2	(*)		1.2
Cuba.....	.5	.4		.1
Denmark.....	1.5	.1		1.5
Dominican Republic.....	.3	(*)		.2
Ecuador.....	.7	(*)		.7
Ethiopia.....	3.0	(*)		3.0
Finland.....	1.6	1.3		.3
France.....	308.8	24.2		284.6
Germany.....	787.4	47.2		740.2
Greece.....	9.0	1.8		7.1
Guatemala.....	.6	(*)		.5
Haiti.....	.1	(*)		.1
Honduras.....	.3	(*)		.3
Hong Kong.....	3.2	(*)		3.2
Hungary.....	.1	.9	.7	
Iceland.....	2.9	.9		2.0
India.....	7.4	70.2	62.8	
Indonesia.....	1.5	5.6	4.1	
Iran.....	5.1	.1		5.0
Iraq.....	2.1	(*)		2.0
Israel.....	6.6	25.7	19.1	
Italy.....	69.1	10.0		59.0
Japan.....	329.6	33.3		296.3
Jordan.....	.4	(*)		.4
Korea.....	36.8	5.0		31.8
Laos.....	.4	(*)		.4
Malaya.....	.8	(*)		.8
Malta.....	1.1	(*)		1.1
Mexico.....	3.0	.6		2.4
Morocco.....	12.3	.9		11.3
Netherlands.....	3.7	3.7		
New Zealand.....	1.2	.1		1.0

See footnotes at end of table, p. 24.

TABLE 8.—Requirements and availability of foreign currencies for the payment of United States obligations—Continued

(In millions of dollar equivalents)

Country	Estimated requirements fiscal year 1960	Approximate supply fiscal year 1960 <sup>1</sup>	Approximate amounts available for use after fiscal year 1960	Approximate requirement for purchase of currencies in fiscal year 1960
(1)	(2)	(3)	(4)	(5)
Nicaragua.....	\$0.2	(*)	-----	\$0.1
Norway.....	2.4	\$1.0	-----	1.4
Pakistan.....	3.6	30.4	\$26.8	-----
Paraguay.....	2.2	(*)	-----	.2
Peru.....	2.0	.4	-----	1.5
Philippines.....	47.4	4.1	-----	43.4
Poland.....	3.2	12.6	9.5	-----
Portugal.....	1.3	.1	-----	1.2
Singapore.....	1.6	(*)	-----	.6
Spain.....	16.5	86.1	69.6	-----
Switzerland.....	1.8	.1	-----	1.7
Thailand.....	3.8	.6	-----	3.2
Tunisia.....	.5	(*)	-----	.5
Turkey.....	6.6	31.4	24.8	-----
United Arab Republic (Egypt).....	1.4	7.7	6.2	-----
United Kingdom.....	187.7	6.0	-----	181.7
Uruguay.....	.6	1.0	.4	-----
Venezuela.....	1.3	.1	-----	1.1
Vietnam.....	2.9	1.6	-----	1.4
Yugoslavia.....	2.7	40.1	37.4	-----
Total.....	1,922.6	474.1	266.4	1,714.8

<sup>1</sup> Excludes U.S.-owned currencies available only for loans and grants in foreign countries or for specific U.S. agency programs without charge to appropriations, estimated in total at \$3,115.5 million.  
\* Less than \$50,000.

*Sources of foreign currencies.*—Within the limits established by title I of Public Law 480, any agricultural commodity found by the Secretary of Agriculture to be in surplus supply may be sold for foreign currencies, so long as precautions are taken that such sales do not displace normal trade (i.e., regular sales for dollars) or unduly disrupt world market prices.

The Mutual Security Act of 1954, as amended, also includes several provisions under which foreign currencies accrue to the credit of the United States. Section 402 of that act specifies that a certain amount of the mutual security appropriations shall be used only to purchase surplus agricultural commodities for sale to foreign countries for their currencies. Section 505(a) of the act authorizes the sale of any commodities or services for foreign currencies, and section 103(c) of the act authorizes the sale of military equipment, materials, and services for foreign currencies.

The Mutual Security Act also requires a country receiving aid to deposit in a special account an amount of its currency equal to either the local sales value of the nonmilitary commodity aid it receives or to the commensurate value of our dollar aid expenditures. These deposits are called counterpart. Generally, 10 percent of this counterpart (except in some countries where the amount may be less) must be transferred to U.S. Treasury accounts and is available for general U.S. use. The remaining 90 percent portion of counterpart funds is owned by the foreign country and remains in its custody for use only

for mutual security purposes agreed to by the United States. None of these country-owned currencies is included in the tables herein.

Section 142(a)(9) of the Mutual Security Act also authorizes the receipt of currencies contributed by the foreign government for the local expenses of U.S. military assistance advisory groups abroad.

Other collections of foreign currencies arise from various governmental activities. Under an intergovernmental defense agreement, Japan has agreed to bear a part of the cost of our forces defending that country by contributing yen to assist in meeting some local costs. Sales of U.S. Government surplus property and settlement of World War II lend-lease debts for foreign currencies are authorized under several laws and international agreements. Under the Information and Educational Exchange Act of 1948 (Public Law 402), American exporters of books, periodicals, and motion pictures contract with the U.S. Government (informational media guaranty fund) to exchange the foreign currencies they receive in the sale of their materials for dollars. Other currencies are also received in payment for consular services, interest on deposits of currencies in foreign banks, etc.

In addition to the above, some foreign currencies are acquired as loan repayments. Beginning in fiscal year 1955, for example, the Mutual Security Act authorized repayment of mutual security loans in foreign currencies. Interest and principal repayments are now also beginning on economic development loans made to foreign countries under Public Law 480. Repayment of loans to private enterprises made under Public Law 480 will begin in 1960. Development Loan Fund loans and interest often may be repaid in the currency of the borrowing country.

In summary, most currencies accruing to the credit of the United States result from past or current international agreements authorized under several laws. In most cases, these international agreements reflect either sales arrangements, wherein commodities (usually surplus agricultural commodities) are sold to a foreign purchaser for currencies, or they reflect loan agreements, wherein dollars or foreign currencies themselves are lent to foreign borrowers and may be repaid in the currency of the borrower. Currencies also become available in much smaller amounts under special international agreements and the normal operations of the U.S. Government abroad.

Table 9 indicates amounts owed to the United States at the beginning and end of each of the 3 years 1958-60, which are payable in foreign currencies, even though the payment may not be due until some future year. Loan agreements, for example, provide for repayment over periods up to 40 years. As shown in the table, uncollected balances totaled \$1.6 billion at the end of fiscal 1958, and are estimated to rise to \$2.1 billion by the end of fiscal 1959 and further to \$2.7 billion by June 30, 1960. The estimated increase reflects largely the effects of loans and other agreements under Public Law 480, and the expanding loan activity of the Development Loan Fund.



## 26 PROPOSED APPROPRIATIONS TO USE FOREIGN CURRENCIES

TABLE 9.—Potential availability of foreign currencies (currencies receivable, earnings, and collections)

[Fiscal years. In millions of dollar equivalents <sup>1</sup>]

	1958 actual	1959 estimate	1960 estimate
Uncollected balances, beginning of year:			
Outstanding loans:			
Development Loan Fund.....		\$1.5	\$55.2
Mutual security program.....	\$245.0	428.7	553.7
Public Law 480.....	199.3	303.2	518.1
Other agreements:			
Mutual security program.....	259.5	185.9	85.9
Public Law 480.....	662.6	699.0	874.0
Surplus property and lend-lease.....	81.3	26.4	28.5
Total.....	1,367.7	1,647.8	2,115.4
Additions (accruals and earnings) during the year:			
New loans and interest accrued:			
Development Loan Fund.....	1.8	84.2	172.0
Mutual security program.....	183.7	130.8	109.3
Public Law 480.....	133.9	217.2	239.2
Other new agreements:			
Mutual security program.....	231.6	210.3	198.1
Public Law 480.....	746.1	1,050.0	1,050.0
Surplus property and lend-lease.....	89.6	57.7	57.7
Earnings other than under agreements.....	133.2	103.7	79.6
Total.....	1,489.7	1,823.9	1,905.9
Deduct—			
Collections during the year (see table 10).....	1,185.8	1,331.3	1,308.6
Other reductions in amounts due.....	23.9	26.0	23.0
Uncollected balances, end of year.....	1,647.8	2,115.4	2,689.7
Estimated availability for use of these balances is as follows:			
Available only for loans and grants in foreign countries.....	\$766.5	\$836.0	\$1,063.8
Available for U.S. purposes.....	881.3	1,279.4	1,625.9

<sup>1</sup> At rates specified in loan and sales agreements, except surplus property and lend-lease at Treasury selling rates.

The summary in table 10 shows cash collections, expenditures, and balances for the same 3-year period. This table reflects the inflow and outflow of all U.S.-owned foreign currencies. (It excludes foreign currencies held in trust, of which \$37.5 million were on hand at the end of 1958.)

The cash balances carried forward at the end of the fiscal year 1960 are estimated to total \$2.6 billion. Of this amount, approximately \$1 billion is estimated to be available for U.S. agency purposes—either for special programs or for general U.S. use. The remainder is expected to be available under international agreement or under law only for loans and grants in foreign countries.

PROPOSED APPROPRIATIONS TO USE FOREIGN CURRENCIES 27

TABLE 10.—Summary of collections, expenditures, and balances of foreign currencies  
[Fiscal years. In millions of dollar equivalents <sup>1</sup>]

	1958 actual	1959 estimate	1960 estimate
Cash balances brought forward (in Treasury and agency accounts):			
Public Law 480, sales of agricultural commodities (title I).....	\$1,079.9	\$1,412.4	\$1,863.6
Mutual security proceeds of sales of agricultural and other commodities.....	309.7	318.9	323.4
Development Loan Fund.....	55.9	51.8	95.1
Other.....			
Subtotal.....	1,445.5	1,783.0	2,282.5
Collections:			
Public Law 480, sales of agricultural commodities (title I).....	686.1	850.0	975.0
Mutual security:			
Proceeds of sales of agricultural and other commodities.....	290.4	270.7	149.8
U.S. portion of counterpart deposits.....	16.9	9.5	9.0
Other mutual security collections.....	14.0	41.7	20.0
Other nonloan collections:			
Contributions for support of U.S. forces abroad.....	74.6	50.0	30.0
Surplus property and lend-lease.....	61.2	58.7	57.3
Informational media guaranties.....	7.1	4.3	5.6
Miscellaneous.....	35.5	37.7	31.6
Loan repayments (principal and interest):			
Development Loan Fund.....		.5	6.4
Public Law 480 loans.....		2.4	14.6
Mutual security loans.....		5.8	9.3
Subtotal.....	1,185.8	1,331.3	1,308.6
Deduct—			
Sales for dollars to appropriations and funds:			
For credit to miscellaneous receipts.....	192.6	156.0	122.7
For credit to appropriations and funds.....	77.9	74.5	85.1
Expenditures in agency accounts (see table 11).....	526.9	589.0	759.8
Adjustment due to changes in exchange rates.....	-50.7	-12.3	-15.8
Cash balances carried forward (in Treasury and agency accounts).....	1,783.0	2,282.5	2,607.7
Estimated availability for use of these balances is as follows:			
Available only for loans or grants in foreign countries.....	\$1,064.5	\$1,426.4	\$1,587.9
Available for U.S. purposes.....	718.6	856.2	1,019.9

<sup>1</sup> Collections at rates specified in loan and sales agreements, except nonloan collections. Nonloan collections, sales, and expenditures at Treasury selling rates.

*Limits on uses of foreign currencies.*—The amount of foreign currencies accruing to the credit of the United States is large and is increasing, as tables 9 and 10 illustrate. However, international agreements restrict the use of much of these currencies, with the result that they cannot be treated as if they were substitutable for appropriated dollars.

First, sales of agricultural commodities, through which most of the currencies are acquired, are often largely concessional. In these transactions the purchasing country seeks to minimize the real cost of the sales to itself in terms of export of its resources. This practice comes about in part because the sales are generally over and above the amount of exports the United States could sell in the international market on commercial terms (for dollars), and in part because U.S. foreign policy usually has the objective of aiding the economic development of the country involved. As a result, large amounts of currencies acquired by the United States from the sale of farm commodities are restricted by the purchase agreement so they can only be loaned or granted back to the buying country for its economic development.

Second, virtually all of the currencies are inconvertible under the laws and regulations of the purchasing country. This means they cannot be freely used to buy goods in third countries. Neither can they be exchanged for another currency which we may be able to use. Similarly, a country which limits convertibility of its currency is usually unwilling to accept its own currency in payment, in any large amount, for exports, which represent a net drain on the country.

Third, various provisions of law authorize the use of some of these currencies for special U.S. programs without charge to agency appropriations. During the negotiation of international sales agreements, these special uses for U.S. programs may be indicated to the foreign government. An informal understanding about their use may thus result. Some of the currencies collected must therefore be husbanded and then allocated for these specially authorized programs. In many countries this results in a reduction in currencies that might otherwise have been available to sell to agencies to meet their regular local expenses. This in turn means the United States foregoes Treasury receipts, and in "currency-shortage" countries may in effect be spending dollars for these specially authorized programs.

*Congressional review of foreign currency uses.*—Currencies received by the United States in the course of its operations are available for general sale by the Treasury to Federal agencies for meeting any foreign currency costs of agency programs, unless there is a specific provision of law or international agreement prohibiting or limiting the use of the currencies. Normally, when an agency requires foreign currencies to carry out its activities, it must, by Treasury regulation, seek to buy such currencies from the Treasury Department. If that Department has the specifically requested currencies available, it sells them to the agency by charging the agency's appropriations accordingly. If the particular foreign currencies required are not available, they must be purchased through banking channels.

The dollar proceeds from Treasury sales are generally credited to the miscellaneous receipts of the Treasury, but some dollar proceeds are credited to various revolving funds or appropriations as authorized by law. Public Law 480 requires the dollar proceeds from sale of Public Law 480 currencies to be credited to the Commodity Credit Corporation. Sales of currencies generated from the operations of the informational media guaranty fund are credited to that fund, and currencies obtained through the sale of military equipment under the Mutual Security Act are credited to the military assistance appropriation.

Prior to July 1953, except for a relatively small amount in the custody of the Treasury Department, most currencies were held by the Federal agencies administering the intergovernmental agreements under which the currencies were obtained. These currencies generally were not subject to the same fiscal and budgetary controls which govern the dollar funds of the Government, i.e., use of the currencies was not subject to regular appropriation processes or the usual rules for accountability and audit.

The Administration and the Congress recognized the need for a better system of control over the foreign currencies. This led to the enactment of section 1415 of the Supplemental Appropriation Act of 1953, which provides that "foreign credits owed to or owned by the U.S. Treasury will not be available for expenditure after June 30, 1953, except as may be provided for annually in appropriation acts." A general appropriation act provision, which has been annually enacted since 1954, states that the U.S.-owned currencies may be used for program purposes carried on by an appropriation if such use is charged to the appropriation. Under this provision, expenditure of foreign currencies has been controlled by including in the regular dollar appropriations of Federal agencies sums sufficient for the purchase of foreign currencies needed for their programs.

Major exceptions to section 1415 have been made by the Congress in recent years. Most of the currencies derived from the sale of surplus agricultural commodities abroad have been made available by statute for expenditure for particular purposes without reimbursement to the Treasury from agency dollar appropriations. This is the situation with respect to those currencies received under section 402 of the Mutual Security Act and most of those received under title I of Public Law 480. In addition, currencies obtained under sections 505(a) and 103(c) of the Mutual Security Act of 1954 may be used for mutual security purposes.

Foreign currencies acquired as repayments of mutual security loans must remain in a special account and await congressional authorization for their future use. Legislation has been proposed to the Congress by the President which would authorize the use of these currencies for Treasury sale to any appropriation, with amounts in excess of requirements for such use to be turned over to the Development Loan Fund. Since there is no statutory provision relating to Public Law 480 repayments, except an authorization for their use for educational exchange programs, any amounts not so used may be made available to sell to agencies to meet their regular program needs in accordance with section 1415. However, the loan agreements with the foreign governments specify that we must consider the economic condition of the country before any amount of loan repayments are to be used for U.S. purposes. Repayments of Development Loan Fund loans in foreign currencies are available for relending by the Development Loan Fund.

For the fiscal year 1960, it is expected that the equivalent of \$756 million of foreign currencies will be expended under permanent authorizations, while estimated Treasury sales of currencies charged to appropriations and other spending covered by authorizations in appropriation acts are estimated to total the equivalent of \$212 million. Thus, the practical effect of all legislation now in effect is that while section 1415 is applicable to currencies accruing from most sources, in

30 PROPOSED APPROPRIATIONS TO USE FOREIGN CURRENCIES

terms of volume it is applicable to only a limited part of the currencies being received.

*Foreign currency programs not in budget totals.*—All currencies purchased by agencies from the Treasury with their regular dollar appropriations or with special appropriations provided to purchase the currencies are reflected in the budget as dollar receipts and expenditures. The currencies so reflected come from many sources including the 10 percent of mutual security counterpart funds and at least 10 percent of Public Law 480 sales proceeds that are available for payment of U.S. obligations, contributions of foreign governments to the administrative expenses of the military advisory assistance groups, the receipts of the informational media guaranty fund derived from the sale of U.S. publications abroad, interest on deposits of currency funds, the disposal of surplus property, and similar operations. As indicated above their use is controlled through Treasury sale to appropriations with corresponding credits to miscellaneous receipts or specified funds.

A larger volume of currency use is not reflected in budget totals. These transactions are summarized in table 11.

The equivalent of \$692 million of the total of \$760 million equivalent extra-budgetary expenditures for 1960 projected in table 11 is for loans and grants in foreign countries. Of this amount \$132 million equivalent is for loans by the Export-Import Bank to American enterprises and certain foreign firms for the expansion of private enterprise overseas. These loans derive from the sale of surplus agricultural commodities under title I of Public Law 480, as do \$353 million equivalent of the loans and grants for economic development and the common defense administered by the ICA. In addition, the ICA will use, for similar purposes, \$207 million equivalent derived mainly from the sale of surplus agricultural commodities financed by the mutual security appropriation.

In this regard, it should be pointed out that granting or lending a country its own currency under Public Law 480 and the Mutual Security Act does not provide it with additional external resources as dollar appropriations do. No labor, capital equipment, and materials are provided which the country did not have before. Additional economic resources from outside a country's borders can only be furnished in the form of goods or dollars or other convertible currencies to be used for the purchase of goods. Thus, a country's own currencies are not a substitute for dollars in the mutual security or other assistance program for that country.

The remaining \$68 million equivalent of estimated expenditures for 1960 indicated in table 11 derive from Public Law 480 operations. These funds will be used to the extent of \$64 million equivalent for military family housing, agricultural market development, and educational activities under permanent authority for such use without further congressional action. The remaining \$3.7 million will be used for agricultural fairs, the acquisition of buildings, educational programs, or library acquisitions, under authorizations already enacted or requested above.

Informational tables on these currency uses which are not reflected in the budget totals are included in the budget document accompanying the information on related programs.

TABLE 11—Summary of transactions in agency accounts for use of currencies without dollar appropriations

[Fiscal years. In thousands of dollar equivalents.]

	1958 actual	1959 estimate	1960 estimate
<b>Program and financing</b>			
<b>Programs:</b>			
1. Current authorizations (specified in appropriation acts) under Public Law 480: <sup>1</sup>			
Library of Congress.....			\$2,464
Department of Agriculture.....		\$60	1,215
Department of State.....			1,984
Subtotal.....		60	5,663
2. Permanent authorizations (not specified in appropriation acts):			
(a) Programs under Public Law 480:			
Mutual security program.....	\$235,671	256,267	363,434
Export-Import Bank of Washington.....	3,283	40,150	140,190
United States Information Agency.....	180	8,811	5,270
Department of Agriculture.....	6,176	10,470	24,408
Department of Defense.....	32,208	33,735	25,105
Department of State.....	4,615	6,559	8,482
Subtotal.....	282,139	350,992	566,889
(b) Mutual security program.....	322,132	361,523	147,048
(c) Development Loan Fund.....			2,000
(d) Department of State.....	536	97	
Subtotal.....	322,668	361,620	149,048
Total obligations.....	604,806	712,612	721,600
<b>Financing:</b>			
Unobligated balance brought forward (—).....	—371,916	—1,454,348	—1,580,794
Unobligated balance carried forward.....	1,454,348	1,580,794	1,185,901
Unobligated balance no longer available.....	5,121	325	
Adjustment due to changes in exchange rates.....	13,838	503	213
Dollar value credited to appropriations.....	1,325	374	3,595
Total new authorizations.....	1,707,523	840,320	330,515
Authorizations are distributed as follows:			
Current authorizations (specified in appropriation acts) <sup>1</sup> .....		1,275	7,923
Permanent authorizations (not specified in appropriation acts):			
For loans and grants in foreign countries.....	1,647,730	784,517	245,887
For U.S. purposes:			
Public Law 480.....	57,960	54,256	76,585
Other.....	1,634	272	120
<b>Analysis of expenditures</b>			
Obligated balance brought forward.....	\$138,090	\$221,595	\$345,125
Obligations incurred (see above).....	604,806	712,612	721,600
Obligated balance carried forward (—).....	—221,595	—345,125	—306,964
Adjustment due to changes in exchange rates.....	5,025		
Adjustment of prior year obligations (—).....	—370	—144	
Expenditures.....	526,856	588,999	759,761
<b>Expenditures are distributed as follows:</b>			
1. From current authorizations (specified in appropriation acts) under Public Law 480: <sup>1</sup>			
Library of Congress.....			1,848
Department of Agriculture.....		10	1,215
Department of State.....			600
Subtotal.....		10	3,663
2. From permanent authorizations (not specified in appropriation acts):			
(a) Programs under Public Law 480:			
Mutual security program.....	230,981	234,269	353,300
Export-Import Bank of Washington.....		39,817	131,539
United States Information Agency.....	221	1,271	3,934
Department of Agriculture.....	3,571	8,338	11,600
Department of Defense.....	15,977	31,673	40,620
Department of State.....	1,413	7,308	8,182
Subtotal.....	252,163	322,066	549,175
(b) Mutual security program.....	274,157	206,226	206,923
(c) Development Loan Fund.....			
(d) Department of State.....	536	97	
Subtotal.....	274,693	266,323	206,923

<sup>1</sup> At Treasury selling rates, except loans and grants in purchasing countries at rates specified in loan and sales agreements.

<sup>2</sup> Excludes foreign currencies purchased by dollar appropriations for scientific activities as authorized by sec. 104(k) of Public Law 480, as amended.